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Spring 2003

The quarterly newsletter of the General Services Division

Montana Department of Administration • Website address: <http://www.discoveringmontana.com/doa/gsd>

PROCUREMENT NEWS AND NOTES

Legislative Update. There are only two pieces of legislation during the 2003 session that directly impact the Montana Procurement Act. The first is SB 20 which adds "independent contract court reporters" to the list of professions exempted from the Montana Procurement Act in section 18-4-132, MCA. The second bill amends section 18-4-312, MCA, concerning bid and contract performance security. This bill prohibits agencies from requiring that surety bonds be issued from a certain company – a practice called "directed surety." According to the bill sponsor, although this has not been an issue in Montana, he wanted to prevent any problems in the future. A list of all procurement-related legislation being followed by the General Services Division is included as an insert to this newsletter. Please note that the status of some of these bills will change before the session is over.

2003 RFP Template. The State Procurement Bureau has issued a revised RFP template that has changed significantly in both form and content. For agency ease of use, the template is formatted as a "fill in the blank" document and is located on the GSD website at the following address:

<http://www.discoveringmontana.com/doa/gsd/css/Resources/RFPProcess.asp>. When issuing RFPs under the Montana Procurement Act, agencies should use this template or obtain prior approval from the State Procurement Bureau for any deviation from this form.

Update on One-Stop Shopping Website for Level One Agencies. This is a reminder to all Level One agencies (those with delegation limits at \$25,000) that effective October 1, 2003, your agency will be required to post any formal

solicitations at this site. If you want to get a jump on the preparations, please contact Bonny Belling at 444-3322.

Year-end is Here. Agencies are reminded that all FY03 requisitions must be received at the State Procurement Bureau by May 1, 2003, so that all contracts and purchase orders can be completed no later than June 30, 2003. If agencies need to encumber funds as a FY2003 purchase, the entire purchasing process must be completed by this date.

144 Years of Experience. Tap Into It. We added up the years of state procurement experience for our staff, including the Print and Mail Services Bureau and the Property and Supply Bureau, and came up with the awesome total of 144 years. What that means is that collectively we have a great deal of experience in public procurement and we're eager to share this knowledge with you. If you have questions or are experiencing problems or are faced with unique situations that you need help dealing with, please don't hesitate to call us. We can offer assistance in writing specifications, contract negotiations, prior contracts, pricing agreements, contract performance issues, controversy resolution, etc., and we're willing and eager to assist you. Following is a listing of our main phone numbers:

State Procurement Bureau	444-2575
Print and Mail Services Bureau	444-3053
Property and Supply Bureau	495-6000
Public Fueling/Purchasing Card	444-3312

PeopleSoft 8.4 Upgrade PO to Pay Focus Group. On Wednesday, April 23, 2003, from 9 a.m. to 10:30 a.m., in Room 160 of the Mitchell Building, the State Procurement Bureau and the

Continued on Page 2

Accounting Bureau will conduct a focus group for those agencies currently utilizing purchase orders and purchase order vouchers in SABHRS. The purpose will be to showcase the new PO to Pay functionalities coming in the 8.4 Upgrade. Purchasing and accounting staff are invited to attend.

In addition, the State Procurement Bureau will work to redefine the requisition and RFQ processes as a separate effort after the process goes live, which is anticipated for late in 2004. Requisitions or RFQs will not be processed in SABHRS for FY2004, but should be fully implemented for FY 2005.

We encourage agencies to participate in the focus group which will showcase the newest version of the Procure to Pay feature and how it can help streamline your processes. If you would like to receive notice of the meeting contact Bonny Belling at 444-3322 or Jenny Dargan at 444-5231.

IT Quote Group Revisions. Beginning April 1, 2003, the State Procurement Bureau will be updating the vendor list for Information Technology (IT) vendors. This project is being undertaken to provide IT vendors with more specific categories to register for and to provide agency personnel with a better selection of vendors in the areas of Communications Equipment & Services (09), Computing Equipment & Software (10), and Computing Services (11). Agency personnel can look for these updates by July 1, 2003. For assistance with these quote groups during this period, please contact the State Procurement Bureau at 444-2575.

Grizzly Bears. Try to imagine what it would be like to confront a snarling grizzly bear. That's what the staff at the State Procurement Bureau looks like when we receive draft RFPs that are not formatted in WORD using an Arial font. Not following these formatting requirements only delays the release of your projects since our staff has to make the necessary adjustments to ensure conformity. Also, just another reminder that requisitions need to be sent to the "State Procurement Bureau" address in "Outlook" and not to the individual contracts officer.

PRINT AND MAIL SERVICES NEWS AND NOTES

Mail Threat Warning System. The Print and Mail Services Bureau has instituted a mail threat warning system that corresponds to the Homeland Security Advisory System to alert mail handling employees of any threat and the associated protective measures that should be taken. Taking preventive steps to minimize risk begins with a Yellow Alert level. At an Orange Alert level, some changes will be made to the operations of the U.S. Postal Service.

Indicators of Suspicious Mail and/or Packages:

- No return address or one that cannot be verified;
- Excessive postage;
- Handwritten or poorly typed addresses with misspellings;
- Not addressed to a specific person or agency, or addressed incorrectly;
- Marked as "Personal," "Confidential," or "Do not X-ray";
- Unusual size, lopsided or odd shape;
- Odors, discolorations or oily stains.

Follow these guidelines if you receive a suspicious letter or package:

- Handle with care. Don't shake or bump.
- Don't open, smell, touch, or taste.
- Isolate the suspicious letter/package immediately.
- Treat it as suspect.
- Call the Print and Mail Services Bureau, the U.S. Post Office or local law enforcement authorities depending on your level of concern.

As the alert levels change or when the U.S. Postal Service provides information concerning mail handling, the information will be forwarded to State mail handlers. If you would like to be included on this list, please contact Leona Olsen at lolsen@state.mt.us.

PURCHASING CARD

Lighten the Load. Recommended guidelines have been established for expanded use of the purchasing card for travel. The guidelines offer a means to minimize or eliminate travel advances and simplify accounting procedures. For more

Introduced Bills Matching the Search Criteria**Current Logon ID - SHERYLOLSON****Preference List - Purchasing Users Group Meeting*** after status indicates the bill is *probably* dead

Total number of Introduced Bills - 31

Total number of Introduced and Unintroduced Bills - 53

Bill Type - Number	LC Number	Primary Sponsor	Status	Status Date	Short Title
HB94	LC0883	Bob Lawson	(H) Returned with Governor's Proposed Amendments	03/20/2003	Revise public participation in open meetings
HB131	LC0891	Norma Bixby	(H) Missed Deadline for General Bill Transmittal*	02/28/2003	Revising definition of "gift of substantial value"
HB147	LC0800	Bob Lawson	(H) Missed Deadline for General Bill Transmittal*	02/28/2003	Allow consideration of proposed fee in selecting certain consultants
HB167	LC0326	Clarice Schrumpf	Chapter Number Assigned	02/17/2003	Revise state records management laws
HB315	LC1784	Bob Lawson	(S) Returned to House with Amendments	03/24/2003	Prevailing wage exception for voc-rehab nonprofit organizations
HB403	LC1325	Jim Keane	(S) Hearing-- (S) Conference	03/25/2003; 11 a.m., Rm 155	At least 50% of workers on state construction project must be MT residents
HB426	LC1416	Penny Morgan	(H) Missed Deadline for General Bill Transmittal*	02/28/2003	Prohibit local government competition with business
HB438	LC0271	Gary Forrester	(S) Committee Report-- Bill Concurred-- (S) Business and Labor	03/22/2003	Revise construction prompt payment law
HB471	LC1701	David E Wanzenried	(H) Signed by Governor	03/24/2003	Expand Dept. of Administration's duties regarding information tech purchases
HB482	LC1246	Gary Forrester	(S) Hearing-- (S) Business and Labor	03/21/2003; 9 A.M., Rm 422	Change indemnification in insurance clauses for construction contracts
HB597	LC0874	Pat Wagman	(S) Indefinitely Postponed in Committee-- (S) Finance and Claims	03/18/2003	Regulate elevator contractors and mechanics
HB598	LC2083	Scott Sales	(S) Hearing-- (S) Fish and Game	03/27/2003; 3 P.M., Rm 422	Authorize paid advertising in FWP

					annual published rules
HB602	LC0737	Kathleen Galvin-Halcro	(S) Hearing-- (S) State Administration	03/26/2003; 3 P.M., Rm 335	Development of leasing preference guideline for certain state vehicles
HB608	LC1594	Jonathan Windy Boy	(S) Hearing-- (S) Finance and Claims	03/11/2003; 8 A.M., Rm 317	State-tribal government-to-government relationship
HB619	LC1986	Rick Maedje	(S) Indefinitely Postponed in Committee-- (S) Finance and Claims	03/11/2003	Logging employer with out-of-state workers to obtain workers' compensation
HB637	LC1927	Holly Raser	(S) Hearing-- (S) Energy and Telecommunications	03/20/2003; 3 P.M., Rm 317C	Restrict unsolicited faxes
HB645	LC1524	Dick Haines	(H) Missed Deadline for General Bill Transmittal*	02/28/2003	Local government bidding criteria for equipment purchase & construction contract
HB674	LC1318	Gary Branae	(H) Missed Deadline for General Bill Transmittal*	02/28/2003	State purchase of prescription drugs for mental health, medicaid patients
HJ28	LC1525	Michael Lange	(H) Sent to Enrolling	03/25/2003	Urge Dep. of Administration to study process for awarding construction contracts
SB20	LC0170	Duane Grimes	(S) Transmitted to Governor	03/20/2003	Clarify state procurement does not apply to independent contract court reporters
SB45	LC0571	Kelly Gebhardt	(S) Transmitted to Governor	03/24/2003	Increase limit for professional services that may be directly negotiated
SB46	LC0575	Kelly Gebhardt	(H) Hearing-- (H) Business and Labor	03/26/2003; 8 A.M., Rm 172	Revise bid requirements for large purchase or construction contracts
SB83	LC0201	Dan McGee	(S) Returned from Enrolling	03/21/2003	Pilot program to allow MDT to consider "design/build" RFPs
SB108	LC0412	Walter McNutt	(S) Returned from Enrolling	03/20/2003	Generally revise workers' compensation laws
SB142	LC0255	Walter McNutt	(H) Hearing-- (H) State Administration	03/27/2003; 9 A.M., Rm 455	Clarify relationship of public documents with electronic information systems

SB228	LC1671	Mike Taylor	(S) Missed Deadline for General Bill Transmittal*	02/28/2003	Entity receiving funds from state to provide financial report upon request
SB229	LC1342	Fred Thomas	(S) Returned from Enrolling	03/21/2003	Agency may not require surety bonds on public contracts from particular company
SB271	LC0544	Corey Stapleton	(H) Hearing-- (H) Appropriations	03/25/2003; 8 A.M., Rm 102	Eliminate POINTS system -- UI tax not under replacement system
SB298	LC1991	Fred Thomas	(H) Hearing-- (H) Judiciary	03/17/2003; 9 A.M., Rm 137	Revise venue in actions against state agencies
SB342	LC1053	Mike Wheat	(S) Missed Deadline for General Bill Transmittal*	02/28/2003	Corporate accountability act
SB372	LC1683	Rick Laible	(S) Missed Deadline for General Bill Transmittal*	02/28/2003	Revise local government competitive advertised bidding amounts

Unintroduced Bills Matching the Search Criteria

* after status indicates the bill is *probably* dead

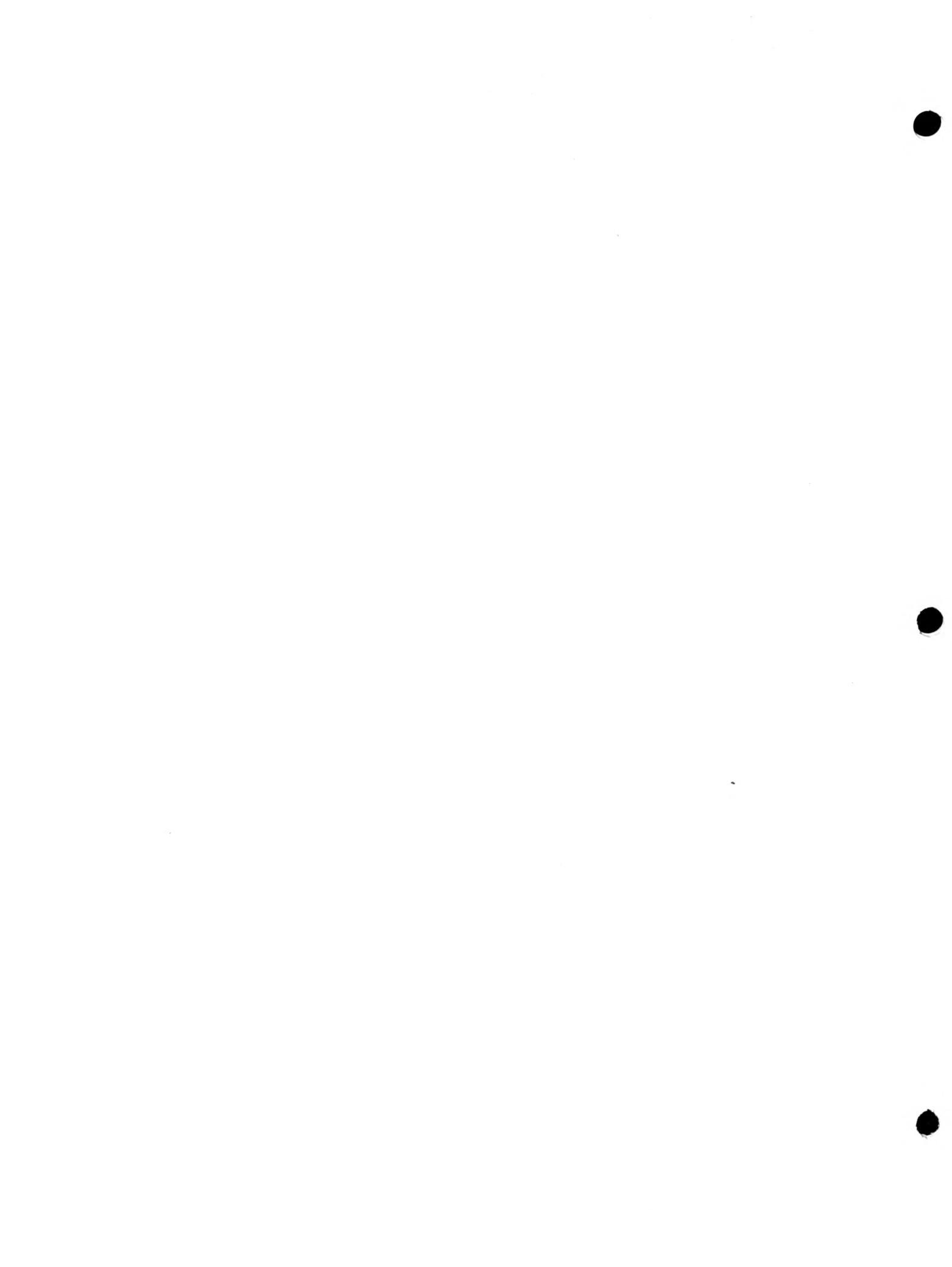
Total number of Unintroduced Bills - 22

Bill Draft No. (LC No.)	Request Date	Requestor	Status	Status Date	Short Title
LC0045	04/09/2002	Bob Keenan	(C) Draft Canceled*	01/17/2003	Revise public contract laws
LC0053	04/09/2002	Bob Keenan	(C) Draft Canceled*	01/18/2003	Revise contract law
LC0193	06/13/2002	Revenue and Transportation Interim Committee	(C) Draft Canceled*	11/22/2002	Bid bonds for highway construction set on sliding scale
LC0235	06/21/2002	State Administration and Veterans' Affairs Interim Committee	(C) Draft Canceled*	11/27/2002	Update laws on public records, privacy, and security relating to new technology
LC0251	06/21/2002	State Administration and Veterans' Affairs Interim Committee	(C) Draft Canceled*	11/27/2002	Clarify use of state debt for software
LC0252	06/21/2002	State Administration and Veterans' Affairs	(C) Draft Canceled*	12/30/2002	Revise e-government services fees and costs

Interim Committee				
LC0332	07/30/2002	Dale Mahlum	(C) Draft Canceled*	01/10/2003 Revise blind vendor laws
LC0540	09/23/2002	Revenue and Transportation Interim Committee	(C) Draft Canceled*	11/21/2002 Sliding scale bid security for highway construction projects
LC0543	09/24/2002	Fred Thomas	(C) Draft Delivered to Requester	01/07/2003 Revise venue for state entity defendants
LC0729	11/12/2002	Carol C Juneau	(C) Draft Canceled*	02/11/2003 Local preference for supplies purchased by school districts and state agencies
LC0822	11/19/2002	Mike Taylor	(C) Draft On Hold	01/02/2003 Restrict frivolous lawsuits
LC0965	11/25/2002	Tom Facey	(C) Draft Canceled*	01/07/2003 Not require all state printing by state agency
LC0966	11/25/2002	Tom Facey	(C) Draft Canceled*	12/23/2002 Supply purchases outside of central stores
LC0971	11/25/2002	Carol C Juneau	(C) Draft Canceled*	01/25/2003 Preference for local or state vendors
LC1051	11/29/2002	Mike Wheat	(C) Draft On Hold	01/24/2003 Prohibit state contract from restricting remedies
LC1127	12/03/2002	Dave Gallik	(C) Draft On Hold	01/27/2003 Revise government purchasing laws
LC1147	12/03/2002	John Brueggeman	(C) Draft Request Received	12/03/2002 Revise public contract laws
LC1155	12/03/2002	John Brueggeman	(C) Draft On Hold	12/14/2002 Revise contract law
LC1833	12/31/2002	Jill Cohenour	(C) Draft in Final Drafter Review	03/25/2003 Request study of state information technology responsibilities
LC1914	01/06/2003	Daniel Fuchs	(C) Draft On Hold	02/01/2003 Prohibit government dissemination of false information
LC1947	01/06/2003	Brennan Ryan	(C) Draft On Hold	02/04/2003 State vehicle purchasing moratorium
LC2058	01/16/2003	Arlene Becker	(C) Draft in Assembly/Executive Director Review	02/17/2003 Unused prescription drugs donated from institutions under Dept. of Public Health

"Probably Dead" is a Bill Progress Category, and is assigned to those bills that have been voted down or missed a transmittal deadline, and to those bill drafts that have been canceled.

To revive a bill that is "probably dead" typically requires a supermajority vote (usually a 2/3 vote) by the House or Senate.



information, contact Tom Gustin at 444-3312 or e-mail tgustin@state.mt.us.

Fake Cards. If you receive promotional mailings that contain realistic looking credit cards from purchasing card issuers with your agency/employee name and an account number, don't be alarmed and certainly don't use the card. This is just a clever marketing ploy. Please discard the cards or forward them to Tom Gustin, State Procurement Bureau. The State has an exclusive purchasing card contract with GE Capital and ample notice will be given to agencies if a contract is awarded to another credit card company.

PUBLIC VEHICLE FUELING

Beat the Price Hikes. How can agencies offset the skyrocketing price of retail fuel? Town Pump and Holiday Stationstores offer a 2 cent per gallon discount to agencies using the State's Wright Express (WEX) card. The Farmers Union Oil Company/Cenex station in Baker, MT, offers a 5 cent per gallon discount. All discounts are reflected in the net price per gallon on the monthly WEX vehicle analysis report.

Tax Relief? In addition to convenience and volume discounts, agencies fueling with the WEX card are exempted from paying the 18.4 cent per gallon federal excise tax on gasoline because most Montana oil companies participate in this exemption program. Those stations not participating are Tesoro stations and most, but not all, unbranded independent fuel merchants.

Diesel taxation is a bit more complicated. MDT allows government-owned vehicles to use untaxed, low-sulfur red dyed diesel fuel in on-road

THINK ABOUT IT

It's All in the Details!

"While procurement officials are presumed to exercise competent discretion and to act reasonably and in good faith, a protest will in large part be decided on the basis of the content of the acquisition's documentation."

Keith Snider and Mark Wallace
"Best Practices and Protests"
Journal of Public Procurement
Volume I, Number 1, 2001

vehicles. A number of Town Pump and Cenex stations in Montana offer dyed diesel at the pump, along with a variety of other stations and oil companies. IRS regulations prohibit WEX from selling clear (undyed) diesel exempt of state and federal taxes, so agencies should attempt to use red dyed whenever possible. If you have any questions about discounts, exemptions or any fueling or energy related issues, please contact Tom Gustin at 444-3312, e-mail tgustin@state.mt.us.

FACILITIES MANAGEMENT NEWS AND NOTES

Recycle Montana (Reduce, Reuse, Recycle). During calendar year 2002, Helena area state employees recycled enough materials to divert over 332 tons of debris from area landfills. This was 7 tons over last year's total and the seventh consecutive year of breaking old records and setting new standards.

NOTE: Recycle your old phone books by placing them by the recycling bins for collection or contact your building Recycle Coordinator for additional information.

Have you visited our website? Check it out at: <http://www.discoveringmontana.com/doa/gsd/cs/S/Services/Recycling.asp>. If you have questions about the Recycle Montana Program or would like to get more actively involved, contact Bill Covey at 444-9520 or bcovey@state.mt.us.

Keep Saving Electricity! With the rising cost of electricity, it is still imperative for state agencies to continue to conserve and actively work to identify even more potential conservation measures that can be taken throughout the various agencies and buildings. With the price of electricity expected to increase in 2002, state agencies are encouraged to contact Clay White at 444-3060 for advice on conservation measures that can be taken to obtain further energy savings.

Helena Area Agencies on the Move. The Water Resources Division of DNRC is tentatively scheduled to relocate to the old Commerce Building at 1424 Ninth Avenue in April of 2003.

QUESTION OF THE QUARTER

"Since on-line auctions are not an approved procurement method, are we prohibited from using this method for small purchases?"

Our answer is "Go for it!" Small purchases are defined in rule as those purchases with a total contract value of \$5,000 or less. Agencies are authorized to procure small purchases using a purchase technique that best meets the agency's needs. If an agency finds on-line auctions an effective means of procuring their small purchase needs, we find nothing to prohibit it.

"Could an agency use on-line auctions to procure supplies and services with a total contract value between \$5,001 and \$25,000?"

This level of purchase would fall within the category of "limited solicitation" which requires a minimum of three viable written or oral quotations. The purpose of limited solicitation is to seek some price or specification comparison. Therefore, as long as two other quotations are received, participating in an on-line auction for a like item could be used if all quotes are documented and made part of the file. However, purchasers are urged to watch closely for added costs such as shipping and handling which could add significantly to the price of the item.

TERM CONTRACT UPDATES

Tips on Ordering from a Term Contract. Most term contracts are set up to include shipping costs as part of the per item cost. Small orders carry higher freight costs per item than larger orders. We recommend consolidating orders and placing them once a week to keep costs down and save on hidden costs such as time spent ordering, receiving and stocking the items. Please take a few minutes to review your agency's ordering practices and revise if necessary. If our term contract vendors are repeatedly asked to ship small orders, eventually they will have to raise per item costs to compensate.

Safety and First Aid Supplies. Currently safety and first aid supplies can be ordered from either the Grainger WSCA Industrial Supplies & Equipment term contract or the Lab Chemicals & Supplies term contract. Would your agency be interested in a term contract for these items only? If so, are there particular items that you want included? Do you have specific needs that would require custom products? Would you prefer or require Internet access for ordering? Please send all comments and ideas to Penny Moon at pmoon@state.mt.us.

ON THE LEGAL FRONT

On the Legal Front. Two issues came up in February 2003 of interest to agency legal counsel. First, a contested case hearing was held in Bozeman in February concerning the awarding of a broadcasting rights contract at Montana State University. This case raised several issues concerning the determination of offeror "non-responsiveness" and "non-responsibility" and the role of the procurement official in making those determinations.

A second controversy also surfaced in February when it was discovered that an offeror had taken various actions to influence evaluation committee members. As a result, the solicitation was cancelled and new RFPs are being re-issued. This incident serves as a reminder that agencies need to be alert to any contact by offerors other than through the designated sole point of contact as stated in the RFP.

PURCHASING USERS GROUP

The next meeting of the Purchasing Users Group will be Thursday, July 17, 2003, from 1 p.m. to 4 p.m. in the Public Health and Human Services Auditorium, 111 North Sanders in Helena.

ABOUT THIS NEWSLETTER

"GSD Update" is published quarterly by the General Services Division of the Montana Department of Administration. For more information, or to get on the mailing list, contact us at (406) 444-2575. Our address is: P.O. Box 200135, Helena, MT 59620-0135. Fax number: (406) 444-2529. Website address: www.discoveringmontana.com/doa/gsd.